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California Adopts Interim Rules on Disputed Oil/Gas Underground Injection Practices

Richard Nemec April 24, 2015

California oil/natural gas regulators on Thursday adopted interim rules for the state's underground injection program. They are effective immediately while permanent rules are expected to begin a review process in May.

Along with rolling out the interim rules, state oil/gas officials reiterated that they are still reviewing all injection wells, and others could be ordered closed if they are found to be a threat to drinking water.

Under the state's regulatory processes, the rulemaking adopted by the Department of Conservation (DOC) early this month has been vetted and approved by the state Office of Administrative Law, allowing the interim rules to go into effect, according to a spokesperson in the conservation department's Division of Oil, Gas and Geothermal Resources (DOGGR), which enforces the rules for oil/gas operators in the state.

Under the interim regulations, DOC has a set schedule in which to eliminate all injections into what are deemed by the federal government to be "nonexempt" aguifers and to make sure all of the oil/gas activities in the state comply to the federal Safe Drinking Water Act (SDWA).

Injections into any nonexempt aquifers with water quality less than 10,000 total dissolved solids (TDS) must be halted by Feb. 15, 2017, and in the interim, injection into 11 other specific aquifers must be ended by the end of 2016. Other injections into nonexempt aquifers that don't contain oil reservoirs and specified water quality (3,000 TDS) must be ended by Oct. 15, 2015 or sooner.

The SDWA does not apply to water with TDS greater than 10,000 TDS, said the DOGGR spokesperson, adding that injection can continue if the state applies for and receives an aquifer exemption from the U.S. Environmental Protection Agency (EPA).

In March, DOGGR moved to close 12 oil and gas underground injection wells in Kern County and reported that they it was reviewing others to ensure that the state's drinking water was protected from contamination (see *Shale Daily*, March 5). This created a firestorm of

criticism aimed at DOGGR for its allegedly lax approach to past oversight of the underground injections, causing state officials to cry foul, accusing their critics of overstating the problem (see *Shale Daily*, March 11).

During this time of debate and rapid new rule develop, state officials have maintained that the new rules were not expected to have any materially significant impact on oil production. In fact, state officials commended producers that were voluntarily addressing the issue (see *Daily GPI*, Feb. 9).

DOGGR Oil/Gas Supervisor Steven Bohlen said the state now has "a firm plan and schedule" compiled with the help of other governmental agencies, including the U.S. EPA, whose western regional office has criticized California's oversight. The goal is to make all of the state's injection wells comply with the SDWA, Bohlen said.

In the midst of California's unrelenting drought, Bohlen said it is even more critical that DOGGR's program "protect public health and groundwater resources." He said the new rules are "the most efficient way to achieve those goals, while also avoiding the closure of operations that do not pose a threat to potential sources of drinking water."

Bohlen has argued that water supplies in some of the disputed nonexempt aquifers were not "drinking water" quality. But in any event, the center of the brouhaha is the fact that operators had been allowed to inject into these aquifers that had not been cleared by the U.S. EPA as was specified in the original 1983 federal EPA authorization for the state to regulate water usage in oil/gas operations. More recently, EPA has provided California with a \$500,000 grant to help it establish a baseline for water quality.

As the growing controversy has unfolded this year, state officials have said there are 50,000 Class II injection wells statewide, with roughly 32,000 cyclic steam oil production wells, which are common in California and involve "quite clean water" since contaminants hurt oil production. Bohlen has characterized the majority of these wells as being legally permitted into aquifers exempted for the SDWA.

Otherwise, for the 2,500 wells the state has identified as maybe having been incorrectly permitted into aquifers not exempted under the federal drinking water law, more than 2,000 are injecting into what are recognized hydrocarbon-producing zones, and by definition those are not drinking water areas. Those are zones that naturally contain oil.

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